

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 AGR-05 CAB-02 DOTE-00

FAA-00 STR-04 /093 W

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R 192027Z MAY 75

FM AMEMBASSY PORT AU PRINCE

TO SECSTATE WASHDC 9834

C O N F I D E N T I A L PORT AU PRINCE 1186

E. O. 11652: GDS

TAGS: EINV, EIND, EAIR, EAGR, ETRD, PGOV, PINR, HA

SUBJECT: PRELIMINARY ASSESSMENT OF FRANCOIS MURAT, NEW HAITIAN
SECRETARY OF COMMERCE

REF: PAUP 568, 551

1. SUMMARY. BASED ON TWO MONTHS' OBSERVATION, EMBASSY CONCLUDES THAT THE APPOINTMENT OF FRANCOIS MURAT AS SECRETARY OF STATE FOR COMMERCE AND INDUSTRY HAS RESULTED IN CLEAR CHANGES IN MINISTERIAL PROCEDURE, TACTICS, AND STYLE, BUT THAT BASIC GOH POLICIES AND GOALS REMAIN THE SAME IN THE COMMERCIAL/INDUSTRIAL FIELD. MURAT'S HIGH STANDING WITH LOCAL BUSINESSMEN SHOULD HELP TO BRIDGE THE GAP OF MISTRUST BETWEEN THE GOVERNMENT AND THE PRIVATE SECTOR. MURAT IS MORE CAUTIOUS AND LESS DYNAMIC THAN HIS DEPOSED PREDECESSOR SERGE FOURCAND, BUT HIS STEADINESS AND DISINTERESTEDNESS SHOULD MAKE HIM A MORE EFFECTIVE MINISTER OVER TIME, AND HIS ADVOCACY OF CONSTRUCTIVE AND PRAGMATIC BUSINESS PRACTICES MAY REDUCE CONFLICTS WITH U.S. INVESTORS AND TRADERS.
END SUMMARY.

2. GOH POLICY LINES. THE MAIN LINES OF ECONOMIC/COMMERCIAL POLICY
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INSTITUTED OR CARRIED FORWARD BY FOURCAND HAVE BEEN CONTINUED BY

THE NEW MINISTER. WORK ON A PROPOSED NEW INDUSTRIAL DEVELOPMENT LAW IS PROCEEDING UNDER THE SAME GUIDELINES AND WITH THE SAME PEOPLE AS DURING FOURCAND'S TENURE. THE GOH IS ALSO CONTINUING TO PROMOTE CLOSER ASSOCIATION WITH OTHER PRODUCER COUNTRIES IN THE CARIBBEAN AND LATIN AMERICAN. IN THE LAST TWO MONTHS HAITIAN TECHNICAL DELEGATES ATTENDED THE MEETING OF LATIN AMERICAN SUGAR PRODUCERS IN THE DOMINICAN REPUBLIC, THE MEETING IN MEXICO OF CARIBBEAN NATIONS TO DISCUSS A SHIPPING LINE, AND A GATT MEETING ON TEXTILES. IN CIVIL AVIATION, THE GOH STILL HOPES TO ACHIEVE MORE TANGIBLE FORMS OF NATIONAL ACTIVITY, PRIMARILY THROUGH ACQUIRING LANDING RIGHTS FOR HAITI AIR TRANSPORT IN THE U.S. MURAT, LIKE HIS PREDECESSOR, MUST DEVOTE ATTENTION TO PRICE LEVELS WITHIN HAITI AND IS ATTEMPTING TO USE THE SAME TECHNIQUES, I.E., A COMBINATION OF PRICE CONTROLS AND ADMINISTRATIVE PRESSURE TO SLOW PRICE INCREASES AND, IN CASES OF HIGHER PRICES OF IMPORTED GOODS, TO FORCE ROLLBACKS IN DOMESTIC RETAIL PRICE MARK-UPS. IT IS A DISCOURAGING TASK IN THE FACE OF MARKET FORCES.

3. INVESTMENT POLICY. MURAT HAS MADE A SPECIAL EFFORT TO INFORM THE EMBASSY OF HIS BELIEF IN THE IMPORTANCE OF ENCOURAGING BOTH DOMESTIC AND FOREIGN PRIVATE INVESTMENT IN ORDER TO PROMOTE THE DEVELOPMENT OF HAITI. IN THIS AREA, HE ASCRIBES HIGHEST PRIORITY TO INVESTMENT IN AGRICULTURE, PARTICULARLY PROCESSING OF AGRICULTURAL COMMODITIES. SECOND PRIORITY IS TO ENCOURAGE HAITI'S ASSEMBLY AND LIGHT INDUSTRY TO USE MORE HAITIAN RAW MATERIALS AND TO BROADEN THE SCOPE OF THEIR OPERATIONS. IN THE LATTER FIELD HE HOPES TO SEE THE TEXTILE INDUSTRY BECOME A MORE TRULY HAITIAN INDUSTRY RATHER THAN A "SEWING OPERATION" FOR FOREIGN MANUFACTURERS. HOWEVER, HE RECOGNIZES THAT BROADENING THE HAITIAN INDUSTRIAL BASE WILL TAKE TIME AND PLANS TO CONTINUE TO WELCOME THE ESTABLISHMENT OF NEW TRANSFORMATION INDUSTRIES IN HAITI. MURAT, IN RESPONSE TO A QUESTION ON TOURISM, EXPRESSED THE VIEW THAT HAITI DOES NEED MORE HOTELS AND MORE ROOMS AVAILABLE TO ATTRACT THE NUMBER OF TOURISTS NEEDED. THESE PRIORITIES ARE MUCH THE SAME AS THOSE OF HIS PREDECESSORS.

4. PROCEDURES. THERE HAS BEEN A DEFINITE CHANGE IN STYLE AND PROCEDURES. MURAT IS A TEAM MAN. HE HAS MADE IT CLEAR THAT HE DOES NOT PLAN TO SET HIMSELF UP AS AN ARBITER ON FOREIGN INVESTMENT PROBLEMS; NOR DOES HE PLAN TO CUT ACROSS THE AUTHORITY OF OTHER CONFIDENTIAL

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MINISTERS. HE INSISTS THAT ALL FOREIGN INVESTMENT PROPOSALS MUST BE HANDLED THROUGH CHANNELS -- SPECIFICALLY THE PRESIDENT'S SPECIAL COMMISSION ON FOREIGN INVESTMENT WHICH NOW MEETS REGULARLY EVERY THURSDAY -- AND THAT HE WILL NOT MAKE DECISIONS ALONE. HE ALSO DEPENDS MORE UPON HIS ADVISORS, AND IS LESS LIKELY TO MAKE A SPUR-OF-THE-MOMENT DECISION WITHOUT OBTAINING THE ADVICE OF THE TECHNICAL AND LEGAL EXPERTS WITHIN HIS DEPARTMENT OR ELSEWHERE IN THE GOH.

5. PERSONAL QUALITIES. MURAT IS WIDELY ACCLAIMED BY HAITIANS AND AMERICANS WHO KNOW HIM AS A COMPLETELY HONEST MAN. ALTHOUGH PERHAPS LESS BRILLIANT THAN HIS TWO PREDECESSORS, HE IS ALSO LESS ERRATIC AND A MORE ORDERLY ADMINISTRATOR. HE IS QUIET AND SYSTEMATIC IN HIS WORKING HABITS, AND INCLINED TO LISTEN RATHER THAN TO TALK. HE MAY BE LESS INCLINED TO COME UP WITH NEW INITIATIVES THAN HIS PREDECESSORS, AND IS PROBABLY LESS CAPABLE OF PERSUADING THE PRESIDENT TO ACCEPT DISTASTEFUL MEASURES. HOWEVER, HE IS ALSO LESS LIKELY TO MAKE RASH PROMISES WHICH HE WILL LATER BE UNABLE TO FULFILL. SO FAR, MURAT SHOWS EVERY SIGN OF BUILDING RESPECT FOR HIS COMPETENCE AND RELIABILITY, BUT NO SIGNS OF AMBITIONS TOWARD BECOMING THE GOH'S ECONOMIC "CZAR".

6. IMPLICATION FOR U.S. POLICIES AND GOALS. THE EXPECTED IMPROVEMENT OF ADMINISTRATIVE SERVICES UNDER MURAT SHOULD ELIMINATE SOME OF THE MINOR FRICTIONS AND DIFFICULTIES EXPERIENCED BY U.S. INVESTORS AND TRADERS. MURAT'S LESS ABRASIVE STYLE IS ANOTHER ASSET. REYNOLDS OFFICIALS IN HAITI HAVE BEEN GETTING ACQUAINTED WITH MURAT AND ARE HOPEFUL THAT THEY CAN ARRIVE AT AN AMICABLE SETTLEMENT IN THEIR FORTHCOMING NEGOTIATIONS LATER THIS MONTH WITH THE GOH. GENERALLY, MURAT'S ATTITUDES ON BUSINESS PROBLEMS SEEM TO BE CONSTRUCTIVE. THE MAIN QUESTION STILL TO BE ANSWERED, HOWEVER, IS WHETHER MURAT WILL BE ABLE TO DEVELOP MORE DECISIVE INFLUENCE AND AUTHORITY ON DIFFICULT QUESTIONS WHICH ARISE IN HIS FIELD. WILL HE BE ABLE TO GET PRESIDENT DUVALIER TO SEE CLEARLY THE ISSUES WHICH CAN EFFECT HAITI'S STILL UNSETTLED CLIMATE FOR FUTURE ECONOMIC ACTIVITY? WILL HE DARE TO COUNSEL THE PRESIDENT TO TAKE POSITIONS WHICH MAY NOT FAVOR OLD CRONIES OF THE PALACE, WHICH MAY RUN COUNTER TO NATIONALIST INSTINCTS OF THE MOMENT, OR WHICH MAY CALL FOR UNPALATABLE MEASURES NEEDED TO ASSURE THE STABILITY OR FUTURE DEVELOPMENT OF HAITI'S ECONOMY? AND IF SO, WILL HE BE ABLE TO PREVAIL? THE NEXT SIX MONTHS
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SHOULD PROVIDE THE ANSWERS, FOR THE CHALLENGES AHEAD FOR HAITI, WHETHER OF INFLATION, WEATHER, FINANCIAL RESERVES, EMPLOYMENT, OR INVESTMENT, ARE LIKELY TO BE SEVERE.
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